

PRESS RELEASE – 17 OCTOBER 2007

GREEN BIOLOGICS LTD

Green Biologics secures £1.58 million to develop Next Generation Biofuel

Company marks opening of new laboratory facility

Green Biologics (GBL), an Oxfordshire industrial biotechnology company developing 'next generation' biofuels, has raised £1.58 million. The funding round involved existing shareholders as well as new investors, Carbon Trust Investments and Oxford Capital Partners who led the investment round. The Company has also marked the opening of a new laboratory facility at its headquarters at Milton Park, Oxfordshire.

GBL is developing Butafuel™, a superior and more sustainable liquid biofuel for transportation. Butafuel™ is based on an alcohol called butanol produced by a naturally occurring microbe in a sugar fermentation process that was first commercialised in the UK during the First World War but largely displaced by the 1960s with a cheaper petrochemical method. In addition to butanol, the fermentation process also produces acetone, an important solvent and chemical precursor for polymers and plastics.

GBL is 'recommercialising' the bio-butanol fermentation process by applying its skills in microbiology, molecular biology and fermentation, and has developed novel microbes and advanced high temperature fermentation processes. In addition, the Company targets waste feedstocks for fermentation from agricultural and industrial processes, such as paper and pulp, sugar processing, biodiesel production and food waste. This reduces the need for expensive waste treatment and diverts waste away from landfill. Utilisation of waste feedstocks for fermentation is more sustainable and environmentally friendly than use of food crops such as sugar beet, sugar cane, maize and wheat, the current feedstocks for bio-ethanol, a "first generation" biofuel. By optimising the fermentation process, and using cheaper waste feedstocks, GBL aims to achieve a two to three fold reduction in cost.

Green Biologics will use part of the new funding for a scaled-up, pilot demonstration of its proprietary fermentation process for bio-butanol on a range of model waste feedstocks in its extended laboratory facilities.

Dr Edward Green, Founder and Chief Executive Officer, of Green Biologics said: "We are delighted to have secured the new investment we need to scale up our butanol fermentation process. It is great to have the support of our existing shareholders and

we welcome Carbon Trust Investments Limited and Oxford Capital Partners on board as new investors.

“First generation” biofuels such as bio-ethanol and bio-diesel have their limitations. These biofuels do not fit neatly into the existing fuel infrastructure and there are some concerns over their sustainability and longer term environmental impact. However, they are a good start and pave the way for “second generation” biofuels, such as butanol, which is a better fuel offering greater sustainability and environmental benefits. We believe that our Butafuel™ product will supersede “first generation” biofuels within five to ten years as a fuel extender and it ultimately has the potential to completely replace fossil fuels for road and air transport.”

Jonathan Bryers, Partner at Carbon Trust Investments, said: “Biofuels that are both cost effective and renewable will have a key role to play in creating a low carbon economy in the UK. The market is clearly interested in advanced biofuel technologies that can cost effectively process non crop feedstocks and in this case generate butanol with its associated benefits over ethanol. A key part of the Carbon Trust’s role is to provide investment in exciting companies like Green Biologics in order to bring low carbon businesses like this to market more quickly and we are delighted to come on board as a new investor.”

Dr Victor Christou, Investment Manager at Oxford Capital Partners, said: “Strong IP and know-how coupled with a unique technology skill base and proprietary micro-organism library means that Green Biologics is one of the most promising companies in the rapidly growing global biofuels sector. Oxford Capital Partners’ support for this Oxfordshire business reflects our confidence in the Green Biologics technology and together we aim to build another world class business based in the Oxford technosystem.”

Rick de Blaby, Chief Executive Officer of MEPC Milton Park, said: “Green Biologics is a superb example of the innovative, technology companies that thrive and grow at Milton Park. The Company has doubled in size over the past year and we were pleased to work with the Green Biologics team to provide the additional laboratory facilities needed to support the technical development of their Butafuel™ product. We wish Edward Green and his team every success with their demonstration tests.”

Biofuels are increasingly being adopted by key industry players in response to climate change proposals and the demands of environmentally aware consumers. In 2006 BP and Dupont announced plans to collaborate with British Sugar to

manufacture butanol in the UK. BP provides a route for butanol into the transport fuel market and aims to blend butanol with conventional fossil fuels.

In addition, in an attempt to curb CO₂ emissions, the European Commission has proposed that biofuels should make up 10% of total fuel sales by 2020 which represents a huge increase in the market for biofuels. Within the UK, the Renewable Transport Fuel Obligation will, from April 2008, require fuel suppliers to ensure that 2.5% of their total fuel sales are made up of biofuels, rising to 10% by 2020. The Government intends that butanol should count as a renewable transport fuel under the RTFO.

Dr Green concluded: "The fuel and chemical markets are ready for the re-introduction of butanol using our new fermentation techniques that both enable cost-effective production and avoid adverse environmental impact. We are attracting a network of potential partners who are interested in working with us to take forward the production of Butafuel™ as a viable alternative to petrochemicals and "first generation" biofuels.

"We envisage our Butafuel™ production units being fitted alongside plant sources, such as paper mills and sugar production facilities, so that we are located right next to the suppliers of waste materials. Plants with existing ethanol units could also be retro-fitted for butanol production. Longer term, the Company is committed towards the development of bio-refineries for the production of a range of biofuel and biochemicals from waste and a full range of cellulosic feedstocks."

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Photos available on request

1. Dr Andrew Rickman OBE, Chairman of Green Biologics, cuts a ribbon to open the Company's new laboratory facility at Milton Park.
2. Dr Andrew Rickman OBE, Chairman of Green Biologics, congratulates Dr Edward Green, Founder & CEO of Green Biologics. The Company has raised £1.58m to progress the development of Butafuel™, its 'next generation' biofuel.
3. Technology photos also available on request.

About Green Biologics

Green Biologics Ltd is an industrial biotechnology company founded in 2003 by Dr Edward Green, Chief Executive Officer, and headquartered at Milton Park, Oxfordshire, with an office and scale-up facilities in the USA. The Company currently employs 25 people.

Technical development is supported by a microbial platform technology based on a unique and proprietary collection of heat loving micro-organisms (thermophiles) and thermostable enzymes that operate at higher temperatures than other industrial micro-organisms and can deliver fast and highly-productive processes. The Company's platform technology has been

specifically developed to address a range of environmental and industrial applications such as biofuels.

In collaboration and partnership, GBL is leveraging its technical expertise in advanced fermentation processes to deliver a complete process solution for butanol. This product will be first to market. GBL is also developing an exciting pipeline of renewable chemical products.

For further information: www.greenbiologics.com, www.butafuel.com

About Biofuels

Biofuels for transportation are attractive replacements for gasoline and diesel and are rapidly penetrating fuel markets as low concentration blends. The main types are bio-ethanol and bio-diesel both of which are made from food crops, such as corn, sugar cane and rapeseed. Biofuels help reduce air pollution from vehicle emissions and their production is also cleaner than traditional petrochemical processes. Bio-ethanol is created by a biological sugar fermentation process, similar to those used in the brewing industry to produce beer. Bio-diesel is derived from a chemical process using oil extracted from oil crops like rape and palm.

Bio-butanol is also produced from fermentation of sugars feedstocks derived from either edible or cellulosic sources. Butanol offers significant advantages for the transportation sector because it is a renewable liquid fuel that, unlike ethanol, generates similar energy to petrol per litre and can be easily integrated into the existing fuel infrastructure by blending with petrol and diesel without the need for modifications to vehicle engines. It is also less corrosive than ethanol, has low vapour pressure and is easy to store, handle and transport via pipelines.

About Carbon Trust Investments

Carbon Trust Investments is the venture capital investment subsidiary of the Carbon Trust. Nine investments have been made over the last four years, with two investments – Ceres Power PLC and CMR Fuel Cells PLC – having listed on AIM. Other portfolio companies include: Pelamis Wave Power Ltd, Heliswirl Technologies Ltd, Natural Buildings Technology Ltd, Whitfield Solar Ltd and Acal Energy Ltd. CT Investment Partners LLP is the FSA authorised venture capital advisory subsidiary of the Carbon Trust which advises Carbon Trust Investments.

About The Carbon Trust

The Carbon Trust is a private company set up by government in response to the threat of climate change, to accelerate the transition to a low carbon economy. The Carbon Trust works with UK business and the public sector to create practical business-focused solutions through its external work in five complementary areas: insights, solutions, innovations, enterprises and investments. Together these help to explain, deliver, develop, create and finance low carbon enterprise.

The Carbon Trust is funded by the Department for Environment, Food and Rural Affairs (Defra), the Department for Business, Enterprise and Regulatory Reform (BERR), the Scottish Government, the Welsh Assembly Government and Invest Northern Ireland.

For more information on the Carbon Trust visit www.carbontrust.co.uk or call the Carbon Trust Advice Line on 0800 085 2005.

About Oxford Capital Partners

Oxford Capital Partners is a science and technology venture capital firm with extensive experience in investing in and supporting businesses with high growth potential. Oxford Capital Partners looks for the best opportunities, backing exceptional entrepreneurs and investing across all stages of development, from start-up to IPO. Leveraging its extensive networks, Oxford Capital Partners assists portfolio companies in accessing international markets in Europe, the US, Middle East and Asia. Oxford Capital Partners is the manager of four Oxford Gateway Funds and oversees a portfolio of over 25 companies in a range of technology sectors, including ICT, clean technologies, life and physical sciences.

Oxford Capital Partners was named Venture Capital House of the Year 2005 at the Unquote Awards. For more information: www.oxcp.com